State of North Carolina

Michael F. Easley, Governor **George Bakolia, State Chief Information Officer**

February 1, 2005

Senator Marc Basnight
Senate President Pro Tempore
North Carolina General Assembly
Raleigh, North Carolina

Representative James B. Black
Speaker of the House
North Carolina General Assembly
Raleigh, North Carolina

Dear Senator Basnight and Speaker Black:

I am pleased to present the second phase study for the analysis of the state's legacy applications, as directed by G.S. 147-33.90. This report is a continuation of an 18-month effort to determine the accurate status of these applications. How old are the state's critical computer applications, computer programs that perform a specific business function? Which ones need to be replaced, and which ones can be upgraded to meet the demands of today more effectively and efficiently?

To answer those questions, I asked the General Assembly in 2003 to approve a study of the state's legacy applications as a follow-up to a survey conducted by the Office of Information Technology Services. The Legislature overwhelmingly approved the idea with the passage of House Bill 941. This report is a result of that legislation.

I am pleased to report that there are no indications of eminent failures, and the state's computer applications are relatively young and in generally good condition. However, there are potential problems, and the state needs to adopt a proactive mode for managing these assets. Almost 90 of those applications (10 percent of the total) need attention within the next two years. The study also shows that unless North Carolina begins addressing this problem in a systematic way, it will fall further behind. An additional 150 applications need attention in the next two to four years, and more than half need attention over the next four to six years.

The understanding and management of legacy applications is an enormous undertaking, and many states and private industries are starting to address it. My office will work with the departments to verify the status of and review their plans for the about 90 applications reported to need immediate attention. Following that review, I will be able to provide an updated report to you, including an approach and timetable to develop cost estimates.

George Bakolia
Chief Information Officer
State of North Carolina